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TO RUEHC/SECSTATE WASHDC 0476  
INFO RUEHEE/ARAB LEAGUE COLLECTIVE  
RUEHTV/AMEMBASSY TEL AVIV 0596  
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RUCPDOC/DEPT OF COMMERCE WASHINGTON DC

UNCLAS SECTION 01 OF 03 ABU DHABI 000257

SIPDIS

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STATE FOR NEA/ARP, NEA/RA  
STATE PASS TO USTR JBUNTIN  
COMMERCE FOR EWEANT AND FDAVIDSON

E.O. 12958: N/A

TAGS: ECON KBCT PREL IS AE

SUBJECT: UAE REPORT ON ARAB LEAGUE BOYCOTT

REF: A) E-MAIL AL-SALEH/JOHN DATED 02/25/2008, B) ABU DHABI 169

Sensitive but unclassified, handle accordingly

¶1. (U) This is an action request. Please see paragraph 4.

¶2. (SBU) MinEcon U/S Abdullah Al-Saleh passed the following e-mail update on UAE actions to eliminate secondary and tertiary applications of the Arab League boycott to Econ Chief on February 125. Al-Saleh had committed to providing this report during Econchief's February 6 meeting (ref b). The report has also been e-mailed to USDOC/BIS.

¶3. (SBU) Begin Text

Re: Progress report on the substitute language for primary boycott in the UAE relevant commercial documents

With reference to your visit on February 6th 2008 and following the visit of Mr. Edward Weant III, Director of the Office of Antiboycott Compliance Bureau of Industry and Security, and his team to the UAE in mid 2007, and based on the email of Mrs. Cathleen Ryan of July 8th 2006 with regard to the substitute language for primary boycott-related terms and conditions in relevant commercial documents and my email of May 26th 2007 to Mrs. Ryan, we would like to note the following:

¶1. Secondary and tertiary boycott have been terminated in the United Arab Emirates based on the Council of Ministers resolution number (462/17) of 1995, which came into full effect from the date of issuance thereon. This is in line with the Gulf Cooperation Council decisions.

¶2. The Ministry of Economy has sent letters to all institutions and companies mentioned in the lists provided to us by the US Embassy in Abu Dhabi for the years 2006 and 2007, in which we asked them to revise relevant commercial documents to reflect the substitute language agreed with the US Office of Antiboycott Compliance Bureau of Industry and Security.

The Ministry of Economy has received confirmation from all of those entities; most have amended the language in accordance with the agreed substitute language while others are in the process of amending their documents to be in line with the substitute language.

We are also conducting periodic checks to make sure that all relevant entities are in conformity with the Council of Ministers decision referenced above and abide by the substitute language.

The reported requests appearing in the January-September 2007 report

of the US Office of Antiboycott Compliance with regard to the UAE are mostly permissible, and in comparison with other countries in the region reflect the increasing trade between our two countries. It is clear as well that several of the entities mentioned in the 2006 [lists] are no longer there, which is an indication that they have revised the boycott language in their commercial documents and we are following up with those that have recently entered the list.

It should be noted that some of the entities listed in the 2007 report have recently informed us that they have revised their language to be in conformity with the substitute language sent to them by the Ministry.

13. On the substitute language for primary boycott-related terms and conditions in relevant commercial documents:

For Contracts

The language reads:

"Contractor/Supplier/Bidder acknowledges that the import and customs laws and regulations of the United Arab Emirates shall apply to the furnishing and shipment of any products or components thereof to the United Arab Emirates".

As agreed by the US-BIS office, this language is permissible and not reportable by a U.S. person-recipient.

For Tender Documents

The language reads

"Contractor/Supplier/Bidder acknowledges that the import and customs

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laws and regulations of the United Arab Emirates shall apply to the furnishing and shipment of any products or components thereof to the United Arab Emirates".

As agreed by the US-BIS office, this language is permissible and not reportable by a U.S. person-recipient.

For Purchase Orders

The language reads:

"Contractor/Supplier/Bidder acknowledges that the import and customs laws and regulations of the United Arab Emirates shall apply to the furnishing and shipment of any products or components thereof to the United Arab Emirates".

As agreed by the US-BIS office, this language is permissible and not reportable by a U.S. person-recipient.

For Applications of Letters of Credit

The language reads:

We certify that the beneficiary is a ( ) person (or, country of origin) and the suppliers of goods and services are ( ) persons (or, country of origin).

As agreed by the US-BIS office, this language is permissible and not reportable by a U.S. person-recipient.

For Letters of Credit

The language reads:

"On no condition may an Israeli bank be permitted to negotiate this credit."

As agreed by the US-BIS office, this language is permissible but reportable by a U.S. person-recipient.

## Requests for Certificates of Origin

The language reads:

" .... certify that these goods are of ( ) origin and acknowledges that the import and customs laws and regulations of the United Arab Emirates shall apply to the furnishing and shipment of any products or components thereof to the United Arab Emirates."

As agreed by the US-BIS office, this language is permissible but reportable by a U.S. person-recipient.

Based on the above and with regard to both countries' shared objective of moving gradually towards substitute language for primary boycott-related terms and conditions in all relevant commercial documents that is permissible and not reportable by a U.S. person-recipient, we would propose amending the text on requests for certificates of origin and that of the letters of credit that are currently permissible but reportable to read as follows:

For Certificates of Origin:

" .... certify that these goods are of ( ) origin and acknowledges that the import and customs laws and regulations of the United Arab Emirates shall apply to the furnishing and shipment of any products or components thereof to the United Arab Emirates."

Please confirm that compliance with the above text, which encompasses in general the substance of the language in contracts and tender documents, would make UAE requests for certificates of origin permissible and not reportable under the US Export Administration Regulations.

For Letters of Credit

Based on our initial discussion, the language that was discussed and agreed as permissible but reportable has been circulated to operating banks in the UAE through the Central Bank, and we have received confirmation from several banks affirming that they have incorporated the amended language in their documents. However, we shall be working closely with the Central Bank to come up with a language that would meet their concerns and at the same time ensure that it would not be reportable by a U.S. person-recipient under the US Export Administration Regulations. The proposed revised language

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is:

"Subject to the laws and regulations of the United Arab Emirates, any bank is permitted to negotiate this credit."

Please confirm that compliance with the above text would make UAE requests for letters of credit permissible and not reportable under the US Export Administration Regulations.

With the above proposed revised language for letters of credit and certificates of origin we are pleased to note that all substitute language will be permissible and not reportable for boycott-related terms and conditions in all relevant commercial documents under the US Export Administration Regulations.

We look forward to receiving the confirmation of the relevant US authorities on the above at the earliest possible, in addition to any comments that you may have in connection thereto.

Please accept my highest regards,

Best regards,  
Abdulla Bin Ahmed Al Saleh  
Under Secretary  
Ministry of Economy- Economy Sector

End text.

¶4. (SBU) Action Request: The UAE Ministry of Economy continues to

work with the USG in an effort to resolve the secondary and tertiary aspects of the Arab League Boycott. We request that Department and USDOC/BIS examine the proposed alternative language regarding certificates of origin and letters of credit to ensure that it complies with U.S. law. End Action Request.

Quinn